

**LEGISLATIVE SERVICES AGENCY  
OFFICE OF FISCAL AND MANAGEMENT ANALYSIS**

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**FISCAL IMPACT STATEMENT**

**LS 6460**

**BILL NUMBER:** SB 97

**NOTE PREPARED:** Jan 27, 2011

**BILL AMENDED:** Jan 27, 2011

**SUBJECT:** Funding of Lawsuits.

**FIRST AUTHOR:** Sen. Head

**FIRST SPONSOR:**

**BILL STATUS:** CR Adopted - 1<sup>st</sup> House

**FUNDS AFFECTED:** X **GENERAL**  
**DEDICATED**  
**FEDERAL**

**IMPACT:** State & Local

**Summary of Legislation:** (Amended) This bill has the following provisions:

- A. It establishes a procedure by which a company may provide a loan to the plaintiff in an action in exchange for the contingent right to receive a part of the potential proceeds of the action.
- B. It provides that a violation of the conditions under which a loan may be offered to a plaintiff constitutes a deceptive act subject to enforcement by the Attorney General.
- C. Registration Fee – It establishes a \$200 fee for consumer legal funding companies to register in Indiana with the Attorney General. It directs the remainder of the fee, after the Attorney General's office has deducted its expenses, to be deposited into the Violent Crime Victims Compensation Fund.
- D. It allows the Attorney General to bring an action to obtain an injunction against the a consumer lending agency to enjoin future violations of the laws established by this bill and to assess a \$10,000 civil penalty for each deceptive act the consumer lending company is found guilty of committing.

**Effective Date:** July 1, 2011.

**Explanation of State Expenditures:** Plaintiffs in personal injury cases involving state and local governments might be less willing to settle cases if they receive money up front from other sources. The number of cases that this bill could affect is not known.

**Background–** The table below shows the amounts that the Office of the Attorney General paid in tort claims cases between FY 2006 and 2010.

By State of Indiana						
	Account No.	2006	2007	2008	2009	2010
Tort Payments *	18730	\$4,803,046	\$10,397,714	\$5,604,646	\$4,136,311	\$3,758,429
Tort Settlements & Judgements **	18740	\$1,135,490	\$1,017,907	\$975,939	\$929,170	\$897,006
Totals		\$5,938,536	\$11,415,621	\$6,580,585	\$5,065,481	\$4,655,435
* Tort payments are approved by the Attorney General after a plaintiff files a tort claim notice and staff in the Attorney General examine the claim and approve the payments.						
** Tort settlements and judgments are paid when the Attorney General denies the claim and the case proceeds to court.						

**Explanation of State Revenues:** (Revised) *Registration Fee* – Any added revenue will depend on how many new companies register in Indiana to provide loans to persons who are in litigation. The costs incurred by the Office of Attorney General to register these new companies is not known. The Violent Crimes Victim Compensation Fund is a funding source for reimbursing persons who are victims of violent crimes, and their spouses and dependents, for a portion of the costs of their injuries.

**Explanation of Local Expenditures:** This bill could make early claims less common. (See *Explanation of State Expenditures*.)

**Explanation of Local Revenues:**

**State Agencies Affected:** Office of the Attorney General.

**Local Agencies Affected:** Counties and municipalities.

**Information Sources:** Auditor of State.

**Fiscal Analyst:** Mark Goodpaster, 317-232-9852.